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U.S. DEPT. OF AGRICULTURE

SEP 27 1982

WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

RECEIVED

WR 38-82

WASHINGTON, Sept. 22--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

## GRAIN AND FEED

In MEXICO, 1982/83 corn yields in important southern producing states have been reduced by dry conditions, while frost has caused extensive damage in many high altitude growing regions, according to U.S. agricultural counselor in Mexico City. This year's corn harvest is expected to decline approximately 16 percent from last year's record 12.5 million tons. Similarly, sorghum production is expected to decline 12 percent from last year's 4.0 million tons.

Mexico's coarse grain production deficit is expected to be at least 6 to 7 million tons this marketing year. Actual imports could be held below that level, however, as the sharp devaluation of the peso, heavy indebtedness and foreign exchange controls hold imports below rising needs. Coarse grain imports during the first half of the marketing year are likely to heavily favor sorghum, while the second half will likely result in increased food corn imports.

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BRAZIL's wheat import needs this year are likely to be greater than earlier forecast and could approach last year's import volume of 4.2 million tons. Heavy rains and high temperatures have reduced both the quality and quantity of this year's crop, particularly in the states of Parana and Rio Grande do Sul, which account for approximately 85 percent of production. Initially, Brazil's 1982/83 July/June import demand was estimated at 3.7 million tons. Brazilian wheat stocks are not sufficient to absorb a crop shortfall and, therefore, increased imports will be needed to compensate for the reduced quantity as well as for blending because of damaged and lightweight domestic wheat.

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AUSTRALIA's severely reduced malting barley production is likely to result in the first barley imports since the late 1960s. These imports may come from the United States and/or Canada. In recent years, Australia has needed approximately 700,000 tons of malting barley to meet domestic and export requirements. Current estimates place 1982/83 domestic supplies of malting barley at only 400,000 tons.

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Furthermore, these supplies are available primarily in western Australia. The cost of transporting this grain to eastern states, where the brewing industry is located, is greater than that of imported barley. Australian domestic malting barley prices are expected to be bid-up considerably. Brewers will have difficulty substituting other grain for malting barley, as Australian wheat, oat and feed barley crops have all been severely reduced by the continuing drought.

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WEST GERMANY has probably produced record wheat and barley crops this year, according to the U.S. agricultural counselor in Bonn. Wheat production for 1982/83 is believed to be 3 percent above last year's record 2.3 million tons. Barley production is also estimated to be above the 1980 record outturn of 8.8 million tons by roughly 6 percent. Although winter grain production suffered adverse weather conditions last fall, areas replanted to spring grains benefitted from exceptionally favorable weather. Wheat quality is excellent with a high protein content.

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A new record grain outturn is expected in DENMARK, where over 90 percent of the crop has been harvested, according to the U.S. agricultural attache in Copenhagen. Total grain production for 1982/83 is forecast to exceed the 1979 record of 7.7 million tons by roughly 2 percent. Wheat production is expected to surpass last year's record 835,000 tons by 20 percent, while barley production is estimated at 4 percent below 1979's record, but 5 percent above last year's level of 6.0 million tons.

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In INDIA, weather abnormalities, including the apparent early withdrawal of the summer monsoon in the northwestern surplus rice growing region and heavy flooding in several eastern rice growing states, will reduce the 1982/83 rice crop by 3 to 5 percent from the 75.1 million-ton September USDA estimate, according to the U.S. agricultural counselor in New Delhi.

Little to no rainfall has fallen in the rice producing states of Punjab, Haryana and western Uttar Pradesh since mid-August. The majority of the crop in the affected areas is irrigated and current supplies should be plentiful. However, the dry conditions may stress non-irrigated rice during the important reproductive growth period, lowering the yield potential of that crop. Heavy flooding in the states of Bihar, Orissa and eastern Uttar Pradesh during September caused extensive damage to the rice crop with losses estimated at about 1.5 million tons, according to the U.S. agricultural counselor. A reduced 1982/83 rice crop would cause a tightening of domestic supplies and may reduce the level of Indian rice exports to the Soviet Union during 1983.

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## DAIRY, LIVESTOCK AND POULTRY

Livestock performance on state and collective farms in the SOVIET UNION during August showed some improvement in slaughter weights for hogs, hog numbers and milk production. Other inventory and production trends generally maintained their January-July pattern.

Cumulative January through August 1982 meat production (liveweight basis), at 9.7 million tons was 1 percent below the 1981 level. Beef and pork production were down 2 and 3 percent, respectively, from 1981. Production of poultry meat was up 9 percent, sheep and goat meat up 2 percent, and egg production up 3 percent. Cumulative milk production was reported to be slightly above 1981, indicating a possible reversal of a downward trend.

Livestock herds continued to increase. Cattle numbers on September 1--at 93.6 million head--were up 0.9 million head from a year ago. Hog numbers, after running below January-August 1981, were 59.1 million head or 0.5 million head above the Sept. 1, 1981, level. Sheep and goat numbers--at 131.1 million head--were down 2.5 million head, roughly the same differential reported in August, while the poultry flock, at 747 million birds, was up 26 million birds, or roughly the same increase as reported on Sept. 1 in 1981 and 1980.

Although slaughter weights for cattle continued at a low 344 kilograms (liveweight basis), those for hogs rose to 108 kilograms, continuing a traditional pattern of increasing in August. Per cow milk yields rose enough in August to pull the January-August average above the 1981 level.

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Turkey production in ITALY is expected to increase by 3.5 percent in 1982 because of favorable prices, according to the U.S. agricultural counselor in Rome. Producers are obtaining favorable prices because consumption of turkey meat is increasing despite the general economic slowdown that has adversely affected demand for other meats. Furthermore, a more balanced pattern of consumption throughout the year appears to be aiding price stability.

## COTTON AND FIBERS

INDIA's 1982/83 cotton production is estimated at 6.2 million bales, down 100,000 from the September USDA forecast, according to the U.S. agricultural counselor in New Delhi. Aberrant monsoon and weather conditions during the planting season contributed to a shift from cotton to more drought-resistant crops, such as sorghum, spiked millet and soybeans, in the non-irrigated cotton producing regions of Maharashtra and Madhya Pradesh. The overall effect on total cotton acreage, however, has been minimized by an offsetting increase in the irrigated cotton areas of Punjab, Haryana and Rajasthan.

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COLOMBIA's 1982/83 cotton crop is forecast 63 percent below the previous year's level of 400,000 bales, according to the U.S. agricultural counselor in Bogota. Cotton growers, particularly in the Costa-Meta area, have shifted acreage to more remunerative crops such as sorghum and rice. The trend toward lower cotton output could continue because of low expectations for the cotton industry's future.

#### TOBACCO

JAPAN's Tobacco and Salt Public Corporation is expected to go along with the following September 3 recommendations from the Tobacco Cultivation Council: raise the farm price of the 1982 tobacco crop by an average of 0.99 percent; set authorized planted area for the 1983 crop at 54,007 hectares, compared with 54,077 in 1982; and eliminate incentive payment for production of high-quality leaf. (With elimination of the incentive payment, the actual price will be just 0.48 percent rather than 0.99 percent.)

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CHILE raised the specific tax on tobacco by an additional 10 percent to 52.9 percent on July 1. Subsequent retail price increases of cigarettes reportedly averaging about 50 percent are expected to reduce consumption of cigarettes sharply. As the tax increase has its greatest effect on higher priced cigarettes, consumers are expected to shift to lower priced brands. Sales of imported cigarettes, as well as domestically manufactured cigarettes with imported tobacco, are also likely to decline.

Chile usually imports most of its unmanufactured tobacco and cigarette requirements from the United States. In 1981, U.S. exports of tobacco leaf to Chile were 2,674 tons, valued at \$15.8 million, and cigarettes amounted to 1.1 billion pieces, worth \$12.7 million.

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In JORDAN, retail prices of domestically manufactured cigarettes were raised 12.5 percent on July 7. A pack of 20 cigarettes now ranges from 48 to 71 U.S. cents. The new prices are now reportedly closer to the retail prices for foreign brands, which are available but imports of which are prohibited except by the national airline and diplomatic missions. The general feeling is that more consumers will now switch to foreign brands. At the same time, the government is studying the possibility of lifting the ban on imports of foreign cigarettes for sale in the Jordanian market.

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In AUSTRALIA, the Industries Assistance Commission (IAC), which has been holding hearings on the tobacco industry, has issued its draft report recommending sweeping changes in the protection provided domestic tobacco producers.

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The IAC has suggested that the existing controlled markets for flue-cured tobacco leaf be gradually phased out by progressive reductions in the marketing quota from 13.5 million kilograms in 1984 to 4.5 million in 1990, and that a non-quota market be allowed to develop with complete freedom of supply and price. It also proposed that in the long term, protection against imports be provided solely by the existing concessional rates of duty of 10 percent ad valorem, whichever is higher. A mixing regulation currently provided most of the import protection.

The United States is the leading exporter of tobacco to Australia, with shipments in 1981 totaling \$33 million. Exports during the first 7 months of 1982 are down 16 percent in value and 20 percent in quantity from last year's levels.

#### VEGETABLES

KOREA's 1982 garlic production totaled 186,000 tons, 21 percent above the 1981 level, according to the U.S. agricultural counselor in Seoul. Yields increased nearly 13 percent from 1981 despite dry weather during May and June. Total 1982 harvested area increased 6 percent to 27,873 hectares, but was 9,000 hectares short of the government's target area, which was held back by limited availability of garlic seed resulting from the small 1981 crop.

#### COFFEE, TEA AND COCOA

BRAZIL's coffee production potential for 1983/84 is estimated at a minimum of 27-29 million bags, compared with 17.75 million for 1982/83, according to the U.S. agricultural counselor in Brasilia after an analysis of current data and recent field observations. This estimate is based on current favorable overall coffee plantation conditions observed in Parana, Sao Paulo and southwest Minas Gerais, which have had adequate rainfall since August 1981 and a frost free-winter this year. In addition, the Brazilian policy of adjusting growers' support prices monthly according to the rate of inflation has encouraged growers to adopt improved management practices for maximum outturn of their trees.

#### RECENT FOREIGN AGRICULTURE CIRCULARS

World Crop Production Estimates Down Slightly, WCP 9-82  
1982 Soviet Grain Crop Estimate Remains at 170 MMT, FPED 9-82  
World Grain Situation/Outlook, FG 29-82

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# Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	: : Sept. 21, 1982 : :	: : Change from : previous week :	: : A year : ago	
	\$ per m. ton	\$ per bu.	¢ per bu.	\$ per m. ton
Wheat				
Canadian No. 1 CWRS-13.5%..... 1/		1/	1/	214.00
U.S. No. 2 DNS/NS: 14%.....173.50		4.72	-.04	190.00
U.S. No. 2 DHW/HW: 13.5%..... 1/		1/	1/	201.00
U.S. No. 2 S.R.W.....138.00		3.76	-.10	180.00
U.S. No. 3 H.A.D.....166.00		4.52	-0-	190.00
Canadian No. 1 A: Durum..... 1/		1/	1/	1/
Feed grains:				
U.S. No. 3 Yellow Corn.....106.00		2.69	-0-	134.00
U.S. No. 2 Sorghum 2/..... 1/		1/	1/	146.00
Feed Barley 3/..... 1/		1/	1/	150.00
Soybeans:				
U.S. No. 2 Yellow..... 1/		1/	1/	262.00
Brazil 47/48% Soya Pellets 4/.202.50		--	-5.50 5/	1/
U.S. 44% Soybean Meal (MT)....198.00		--	+3.00 5/	240.50
EC Import Levies				
Wheat 6/.....108.13		2.94	+.06	82.10
Barley..... 98.33		2.14	+.02	80.70
Corn.....105.43		2.68	-.03	97.85
Sorghum..... 96.42		2.45	+.02	82.20

1/ Not available. 2/ Optional delivery: Argentine Granifero sorghum. 3/ Optional delivery: Canadian feed barley. 4/ Optional delivery: Argentine. 5/ Dollars per metric ton. 6/ Durum has a special levy.

Note: Basis October delivery.



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